

Produce Innovations



Norwalk's lack of corresponding commercial and industrial growth is also attributable to our location. Many of the businesses that residents would like to see in Norwalk are located within minutes of our border. As a result, Norwalk's total valuation is slightly more than 85% residential, the highest in the metro, and only 9.3% commercial and industrial, the lowest.

Norwalk has been aggressive to offer incentives to commercial and industrial projects to bring a better balance of commercial and residential valuation. As a result of some strategic partnerships with Warren County and the Warren County Economic Development Corporation (WCEDC), Norwalk now has a new business in town that became the largest private employer in the community upon opening, as well as increasing the total industrial valuation by over \$2.6 million dollars. Loffredo Fresh Produce broke ground in December of 2013 on what they call a "slice and dice" facility and the grand opening was held December 3, 2014.

The Loffredo Project could not have happened without a previous project's success and without the unique partnership that was created to make the project work. Long-time Norwalk-based produce distribution firm Capital City Fruit (CCF) built a new complex in 2011. The project was assisted by a grant to extend a new street to serve the project. As part of the CCF Project, Norwalk purchased 40 acres and sold a large portion of it to CCF. However, following the CCF project, the city still owned just over eleven acres of industrial ground. Unfortunately, the land was not the most developable because it contained a massive dirt pile left from the CCF project.

Many prospects viewed the site but were scared away with the prospect of having to move and grade out the dirt pile, at an estimated cost of over \$300,000. Failed prospect after failed prospect made the dirt pile issue extremely frustrating. Finally, a solution was reached when the City and Warren County Board of Supervisors entered into a 28E agreement for the County to assist with \$100,000 in funding for grading the industrial site. This financial arrangement with the city set in motion the matching funds from the city to publically bid the work. As the City was on the verge of approving a contract for the work, a new prospect was cultivated that changed everything.

Norwalk had several key changes in 2012 that included a new city manager and community development director. In late 2012, Norwalk staff had a meeting with the owners of CCF to discuss the city's remaining land and any ideas CCF may have for similar "cluster" type business that would create a mutually-beneficial relationship. They had several ideas and in September of 2013, the Community Development Director received a phone call from Loffredo Fresh Produce. Loffredo representatives had recently spoken with the CCF and learned of the available land in Norwalk. That sparked a three-month process that included a rezone, a negotiated development agreement, an urban renewal amendment, site plan approval and the issuance of industrial revenue bonds, leading to a Loffredo groundbreaking in December. Elected official and staff commitment to the project assisted it in moving forward at lightning speed.

Loffredo needed more space for a growing sector of their business immediately, so any delaying of the project to avoid the perception of being approved for political reasons would cause the city to lose the project. They were evaluating sites in St. Louis at the same time the Norwalk site was under consideration. Loffredo needed to be able to begin construction by the end of the calendar year so the project could be completed by fall of 2014. To the council's credit, they agreed to move forward with the project and began setting dates for public hearing on the Rezone, Urban Renewal Amendment and the Development Agreement.

The development agreement was advantageous to both Loffredo and the City of Norwalk. The agreement was negotiated over a several week process and ended with a joint meeting between city staff and Loffredo with a back and forth discussion over the fine details. Loffredo Fresh Produce, Co., Inc. agreed to the acquisition of the city's eleven acres and the additional seven acres in the Urban Renewal/Industrial Park Area and the construction of new processing and manufacturing facilities which will contain no less than 45,000 square feet and create 145 jobs in Norwalk.

Loffredo agreed to pay the City \$700,000 for the City-owned property, an amount which was determined to be fair value via a third-party appraisal. The City purchased the land for approximately \$245,000 in 2010 as part of the Capital City Fruit Project. As part of the agreement, Loffredo would have to address the large dirt pile that exists currently on the City-owned property.

In exchange for addressing the dirt pile and building the improvements at a project cost of \$4+ million, and creating 145 jobs in Norwalk, the City would provide the Company an \$830,000 economic development grant (\$700,000 of which is a rebate of the purchase price of the property and \$130,000 from Warren County. Warren County agreed to increase the original \$100,000 grant to the city to help remove and grade the dirt pile to \$130,000, which the City then used as part of the Loffredo incentive package) and a Tax Increment Financing (TIF) rebate of \$159,000. The Company would also be eligible, as is any new business in Norwalk, to receive tax abatement on a five-year, sliding-scale. In addition, the city was a conduit industrial bond issuer for Loffredo. The City also worked closely Loffredo, WCEDC and the Greater Des Moines Partnership to assist in the development of a successful application for the Iowa Economic Development Authority for tax credits. Des Moines Area Community College assisted with a job training agreement for new employees expected to be hired as a result of the project.

Based on the lowest anticipated assessment of \$2,400,000, the City is expected to recoup its net investment in the middle of year eight of the project being in place. An analysis of the economic impact on the industry locating in Norwalk indicates an additional 40 jobs would be created in related industries, such as wholesale trade, food and drinking places, truck transportation, hospitals, and doctor's offices, etc. The City's investment can be recapped as follows:

\$245,000	Original cost of land
\$700,000	economic development grant
\$130,000	economic development grant
\$159,000	TIF rebate
-\$130,000	grant from Warren County
-\$700,000	less amount received for the city property
\$404,000	Net City investment

City revenues generated from the lowest anticipated assessment of the property were projected to be \$584,318 over a 10-year period. School revenues were projected to be \$124,587 over the same time frame. (These values were based on current levy rates and do not include any valuation adjustment or expansion.) Under this scenario, the City would recoup its investment in Year 8.

During the last council meeting of this process, Gene Loffredo, CEO with Loffredo Fresh Gardens, complimented the city staff and council members for being willing to help work with their business to expand in Norwalk. He was extremely grateful for the speed at which the city was able to approve the project so they could move forward in a timely manner.

In December, 2014, Loffredo had its grand opening of its new business line in Norwalk, called "Produce Innovations." The improvements are valued at \$2,611,600. City revenues generated from this during the 10-year period will be \$635,836 and school revenues will be \$135,571. The City will recoup its investment more than a year earlier than anticipated, at the beginning of year seven, instead of in the middle of year eight. (These values are based on current levy rates and do not include any valuation adjustment or expansion.) Also, when Produce



Innovations held its ribbon cutting, they had 182 full-time employees on staff, 37 more than what was planned and had plans to hire an additional 8 FTE's.

The outcome of this project is that this project has grown the entire industrial value in Norwalk by over 72%. The project created a new, largest private employer in town. In addition, it grew the entire manufacturing employment in Warren County by over 25%. Loffredo continues to operate its headquarters in Des Moines, which is only four miles from the Norwalk location, so this project was a regional net gain. The project received an Economic Impact Award from the Greater Des Moines Partnership, to recognize the significance of the project and the public-private partnerships and investment.

In the relatively short time of less than a year, the City of Norwalk's partnership with the County, WCEDC, the Greater Des Moines Partnership, Des Moines Area Community College, and with Loffredo has produced significant new value to the City's tax rolls and many new jobs that help support surrounding businesses. This project is critical to the City's economic development efforts to strike a better balance between residential and commercial valuation, which is the key to our future ability to finance public needs. The project is an excellent example of how building partnerships with various levels of government and private sector interests and identifying creating funding options can truly "Produce Innovations."